



## Semi-annual Report 2009



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## Contents

<u>Letter to Shareholders</u>	4 – 5
<u>Portfolio Investments</u>	6 – 9
<u>Financial Statements</u>	10 – 29
<u>Shareholder Information and Corporate Details</u>	30

## Letter to Shareholders

### Dear shareholders,

Much like 2008, the half year ended 30 June 2009 continued to be very challenging and the Russian economy was not immune to the global financial crisis. The collapse of oil prices and a sudden reversal of capital flows also contributed to a significant reduction in fixed investment, productivity and real wages (which had powered consumption and the economic boom prior to the crisis).

As economic activity slowed down and monetary policy tightened, businesses carrying high debt levels have found themselves in trouble and have struggled to secure refinancing. Bank liquidity remained tight despite encouraging moves by the Central Bank of Russia in strengthening its supervision of banks, monitoring of systemic risks and making available some RUB 500 billion to support bank recapitalisations, whilst increasing deposit-insurance limits.

Therefore, it was not surprising that real gross domestic product ("GDP") contracted sharply in the first half of the year. A stimulus plan was introduced, where a supplementary budget passed in April 2009 included sizable discretionary increases in defence and security spending, support to strategic sectors, and social assis-

tance, alongside tax reductions. It will take time before the economic stimulus plan will have the desired outcome.

Consequently, the International Monetary Fund expects Russia's GDP to contract by 6.5% for the full year, to be followed by a slow recovery in 2010. The recent strong leap in oil prices, renewed capital inflows which have provided support to the rouble and lower inflation pressures should all be positive for the Russian economy. In addition, Russia still benefits from significant foreign reserves of around USD 401 billion.

In this environment ENR Russia Invest SA ("ENR") maintained its prudent investment approach adopted during 2008 and continued to hold the majority of its assets in cash or near-cash.

During the reporting period ENR increased its investment in Eastern Property Holdings Ltd ("EPH") by CHF 4.6 million. In addition, other investments included an investment of USD 3 million in a bond issued by Russian gas giant Gazprom and a USD 2.5 million investment in a Russia and Commonwealth of Independent States ("CIS") focussed fixed income fund, both aimed to maximise interim cash returns.

In the first six months of 2009 ENR also delivered a satisfactory consolidated net profit of CHF 3.2 million. Profitability was driven by the positive performance of the listed equity portfolio, where EPH, the largest individual holding, performed well. Several of the shares held in a range of electricity companies also had a reasonable run, driven by a rally in Russian equity markets and underpinned by sector reforms. Should the listed equity market continue to improve, it bodes well for further value appreciation for ENR's listed equity portfolio over the second half of 2009.

Turning to the private equity environment, the difficulty for especially mid-sized businesses to secure reasonably priced debt funding bodes well for potential private equity investment opportunities. Mid-sized businesses fall within ENR's size target market and will have to seek alternative funding sources. However, as the growth outlook in Russia remains under pressure and many companies still suffer from heavy debt loads and over-gearred balance sheets, ENR will remain circumspect in its evaluation of the sustainability of growth prospects of potential portfolio businesses. To properly evaluate if a business is sufficiently well positioned to achieve

a proper growth path leads to longer lead times for transactions. ENR is currently evaluating a number of potential opportunities, but only time will tell whether these actually become portfolio investments.

Valuations for listed equities increased in the first half of 2009. However, trading multiples are still well below the highs seen in recent years. This should facilitate our valuation discussions with potential portfolio companies and help us manage the expectation gap which invariably arises between buyers and sellers, especially in a lower growth environment.

Going forward ENR will continue to focus on investment opportunities, mainly in the non-cyclical consumer segments of the Russian economy, as well as businesses exposed to third party spending on resource extraction or infrastructure development projects.

August 2009

Gustav Stenbolt  
Chairman  
ENR Russia Invest SA

## Portfolio Investments

ENR continued with its prudent investment policy during the first six months of 2009. During this period, ENR increased its investment in EPH, participated in a rights offering in the electricity company JSC RusHydro ("RusHydro") and made two fixed income investments to enhance returns on available cash resources.

In addition to these investments, at 30 June 2009, ENR continues to hold its investment in Naftrans Limited ("Naftrans") and shares in a number of Russian electricity companies.

### Naftrans Limited

During the period 2003 - 2006 ENR made a total investment of USD 30 million in Naftrans. At 30 June 2009 ENR continues to hold an effective 13.5 % interest in Naftrans.

In March 2008 Naftrans concluded the sale of its Georgian operating assets, including the Batumi oil terminal, to a subsidiary controlled by the Kazakhstan based oil company KazMunai-Gas. Naftrans subsequently commenced with the distribution of the sale proceeds to its shareholders. To date ENR has received approximately two thirds of the proceeds due from the sale through a special dividend of USD 10.0 million, received in May 2008, and a shareholders' loan of USD 21.3 million, received in July 2008. This loan is not repayable.

A process is underway where Naftrans is realising its remaining non-cash assets, upon which available disposal proceeds will be distributed to its shareholders. Until ENR receives its share of these cash proceeds, it will continue to hold all its shares in Naftrans.

To secure a possible alternative exit route, ENR, prior to year-end 2008, concluded an agreement with Greenoak Holdings Limited ("Greenoak"), the holding company of Naftrans's management. Pursuant to this agreement, ENR has the right to put all its shares in Naftrans to Greenoak. Depending on the progress made with and the results of the Naftrans disposal programme, ENR will make a decision on whether to pursue with this exit alternative.

The investment in Naftrans is carried at the same USD value as at year-end 2008. During the reporting period, the only change to the valuation was due to movements in the CHF/USD rate during this period (ENR's reporting currency is Swiss Francs and the investment is based in USD). Accordingly, at 30 June 2009, the attributable net value of the investment in Naftrans amounted to CHF 15.1 million.

### Investments in Russian electricity companies

Subsequent to the unbundling of the Russian electricity company Unified Energy Systems ("UES") during 2008, ENR holds a portfolio of electricity companies covering a range of market and geographical segments in the Russian electricity sector.

Since the UES unbundling, certain shareholdings have been realised, either through the outright sale of shares in the market or via participation in buy-outs. During the reporting period ENR exited its investment in two electricity companies held at year-end 2008 and it also increased its position in RusHydro by participating in a rights offering.

With further reforms planned in the electricity sector over the medium term and a continued shortage of distribution companies, ENR remains positive on the outlook for Russian electricity companies going forward. Via its existing portfolio of electricity sector companies, ENR has a reasonable exposure to this market and is well positioned to benefit from expected positive developments in the sector.

At 30 June 2009, the aggregate fair value attributed to ENR's portfolio of electricity sector companies amounted to CHF 4.2 million.

### Eastern Property Holdings Limited

EPH is a Russian focussed real estate development company listed on the SIX Swiss Exchange. During the first half of 2009 EPH was trading at a material discount to its net asset value ("NAV") and ENR increased its position in EPH by CHF 4.6 million.

EPH has limited gearing and it has an interesting real estate development portfolio. It is well positioned to benefit from a regeneration of the Russian real estate market, which ENR expects to take place over the medium term. Once this occurs and considering the discount to its underlying NAV at which EPH trades, a market re-evaluation should result in interesting value realisation opportunities for ENR shareholders.

Considering that EPH is managed by a related Valartis entity, ENR is familiar with the investment portfolio of EPH and has a good understanding of the Russian real estate market.

Due to the close relationships between ENR, EPH and ENR's investment manager it is not appropriate for ENR to pay management fees to its investment manager on the value of the position held in EPH. Consequently, the EPH investment is not taken into account for management fee calculation purposes (see Note 9.1 to the condensed consolidated financial statements).

The fair value of ENR's stake in EPH at 30 June 2009 amounted to CHF 13.7 million.

### Other investments

During the reporting period ENR made two fixed income related investments. Yields in the fixed income universe across Russia and other CIS countries remained elevated at the start of the year. Yields of blue chip issuers were well into double digits (both for USD and EUR denominated securities) but contracted somewhat towards the end of the six months ending 30 June 2009, which had a positive impact on bond valuations.

Having considered the general low interest environment ENR made temporary investments in debt securities to secure better returns on available cash resources.

Accordingly, in April 2009, ENR made a USD 3 million investment in a primary bond issue by Gazprom, the largest Russian gas company. These bonds are denominated in USD and were subscribed at par and carry a coupon of 9.25%, with a maturity date in April 2019. Prior to maturity, these bonds can be put back to Gazprom at par in April 2012. The fair value of these bonds, at 30 June 2009, was CHF 3.3 million.

ENR also made a USD 2.5 million subscription in the Valartis Russia & CIS Fixed Income Fund during the reporting period. This fund is managed by the Valartis Group, which is related to ENR's investment manager. The fund offers daily liquidity and at 30 June 2009 the fair value of ENR's position amounted to CHF 2.9 million.

Due to the close relationship between the parties ENR does not pay management fees to its investment manager on the value of the position held in the Valartis Russia & CIS Fixed Income Fund (see Note 9.1 to the condensed consolidated financial statements).

### Private equity environment in Russia and the CIS

ENR considers a steady flow of new opportunities. Unfortunately, many businesses have been over-gearred in the past and now find themselves in a distressed state, requiring equity capital to relieve their debt situation. These businesses do not fit ENR's investment criteria.

Many private companies have also struggled to obtain new loan funding to fund growth initiatives, slowing expansion plans. Businesses exposed to the consumer economy (especially cyclical businesses) are impacted by more conservative consumer spending patterns, impacting negatively on turnover generated, operating performance and available cash flows. Counterparty risks are also becoming an important consideration where payment terms and collections need to be carefully monitored.

Considering that the general economic environment is still in flux, it is not in the interest of ENR's stakeholders to rush into new investments. In the prevailing uncertain economic and business environment, ENR prefers to take a prudent investment approach, monitoring potential investment opportunities over a suitable time period in order to establish how businesses are adjusting to a more difficult operating environment. Here valuations, as always, will be important as it is not in the interest of ENR's stakeholders to overpay for companies, especially in a challenging growth environment.

However, with ENR's strong balance sheet and available cash resources, ENR has the capability to act swiftly and decisively if and when attractive investment opportunities become available and it is in the interest of our stakeholders to invest in a new portfolio company.

ENR is well positioned to benefit from a future improvement in the economies of Russia and other member countries of the CIS and an improving investment environment in this region.

## Financial Statements

### Determination of the Net Asset Value and Attributable Net Asset Value as of June 30, 2009

(Currency-CHF)

	30.06.2009		31.12.2008	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
<b>Assets</b>				
Treasury stock - at market value	-	1,292,500	-	1,198,500
Cash, investments and other assets	124,731,722	124,731,722	123,148,363	123,148,363
<b>Total assets</b>	<b>124,731,722</b>	<b>126,024,222</b>	<b>123,148,363</b>	<b>124,346,863</b>
<b>Liabilities</b>				
Bank overdraft	215,322	215,322	-	-
Forward foreign exchange contracts	-	-	599,817	599,817
Other liabilities	24,915,348	24,915,348	26,125,963	26,125,963
<b>Total liabilities</b>	<b>25,130,670</b>	<b>25,130,670</b>	<b>26,725,780</b>	<b>26,725,780</b>
<b>Shareholders' Equity</b>				
Share capital	32,790,585	32,790,585	32,790,585	32,790,585
Capital paid in excess of par value (share premium)	75,447,951	75,447,951	75,447,951	75,447,951
Treasury stock - at cost	-1,552,228	-	-1,552,228	-
Retained losses	-7,032,904	-7,292,632	-10,216,170	-10,569,898
<b>Sub-total shareholders' equity</b>	<b>99,653,404</b>	<b>100,945,904</b>	<b>96,470,138</b>	<b>97,668,638</b>
Minority interests	-52,352	-52,352	-47,555	-47,555
<b>Total shareholders' equity</b>	<b>99,601,052</b>	<b>100,893,552</b>	<b>96,422,583</b>	<b>97,621,083</b>
<b>Total liabilities and shareholders' equity</b>	<b>124,731,722</b>	<b>126,024,222</b>	<b>123,148,363</b>	<b>124,346,863</b>
Number of shares issued		2,644,402		2,644,402
Net asset value per share		38.15		36.92
Attributable net asset value per share		38.17		36.93
Number of treasury shares		47,000		47,000

*Note*

The net asset value per share ("NAV") is calculated in Swiss Francs as the aggregate of the value of all investments and treasury shares less the aggregate amount of the liabilities and accrued expenses divided by the total number of shares issued.

The main differences between the two calculations are due to applying the IFRS standards versus the Swiss GAAP standards. The differences are particularly prominent in the calculation and booking of treasury shares, and reclassifying the shareholders' equity.

Attributable net asset value per share is the consolidated NAV, less the aggregate value of all minority interests, reflecting the economic value attributed to shareholders, divided by the number of shares issued.

## Condensed consolidated statement of financial positions as of June 30, 2009 (unaudited)

(Currency-CHF)

	Note	30.06.2009	31.12.2008
<b>Assets</b>			
Cash and cash equivalents	6	61,481,667	75,805,646
Accounts receivable		843,429	412,247
Derivative financial instruments	5	8,310	-
Investments at fair value through profit or loss	5	62,398,316	46,930,470
<b>Total assets</b>		<b>124,731,722</b>	<b>123,148,363</b>
<b>Liabilities</b>			
Bank overdraft	6	215,322	-
Forward foreign exchange contracts	5	-	599,817
Accounts payable and accrued expenses	7.1	24,385,153	25,595,768
Current tax liabilities	7.2	530,195	530,195
<b>Total liabilities</b>		<b>25,130,670</b>	<b>26,725,780</b>
<b>Shareholders' Equity</b>			
Share capital	8	32,790,585	32,790,585
Capital paid in excess of par value (share premium)		75,447,951	75,447,951
Treasury stock		-1,552,228	-1,552,228
Retained losses		-7,032,904	-10,216,170
<b>Sub-total shareholders' equity</b>		<b>99,653,404</b>	<b>96,470,138</b>
Minority interests		-52,352	-47,555
<b>Total shareholders' equity</b>		<b>99,601,052</b>	<b>96,422,583</b>
<b>Total liabilities and shareholders' equity</b>		<b>124,731,722</b>	<b>123,148,363</b>
Number of shares issued and fully paid	8	2,644,402	2,644,402
Nominal value (in CHF)		12.40	12.40

The notes on pages 16 to 28 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated statement of comprehensive income for the period ended June 30, 2009 (unaudited)

(Currency-CHF)

	Note	30.06.2009	30.06.2008
<b>Revenue</b>			
Interest income		15,756	474,173
Dividend income		11	11,251,738
Realised gains on sale of investments at fair value through profit or loss	5.1	158,564	-
Changes in fair value on investments at fair value through profit or loss	5.1	4,786,110	375,853
Realised gains on forward foreign exchange contracts and futures	5.1	2,162,285	-
Changes in fair value on forward foreign exchange contracts and futures	5.1	608,127	357,600
Other income		34,116	-
<b>Total revenue</b>		<b>7,764,969</b>	<b>12,459,364</b>
<b>Expenses</b>			
Realised losses on sale of investments at fair value through profit or loss	5.1	-	3,791,196
Changes in fair value on investments at fair value through profit or loss	5.1	409,951	15,744,904
Realised losses on forward foreign exchange contracts and futures	5.1	2,546,870	-
Exchange loss, net		427,607	2,365,338
Management fees	9.1	813,150	1,064,098
Performance fees	9.1	-	-
Administrative fees		209,845	8,030
Directors' fees and travel expenses	9.2	37,687	35,224
Investment bank and professional fees		8,839	137,562
Bank charges and interest expenses		11,997	2,857
Other expenses		120,554	176,029
<b>Total expenses</b>		<b>4,586,500</b>	<b>23,325,238</b>
<b>Profit/ (loss) for the period before tax</b>		<b>3,178,469</b>	<b>- 10,865,874</b>
Income tax		-	-
<b>Profit/ (loss) for the period after tax</b>		<b>3,178,469</b>	<b>- 10,865,874</b>
Other comprehensive income		-	-
<b>Total comprehensive income/ (loss) for the period</b>		<b>3,178,469</b>	<b>- 10,865,874</b>
<b>Profit/ (loss) and total comprehensive income/ (loss) attributable to</b>			
Equity holders of the Company		3,183,266	- 9,366,272
Minority interests		- 4,797	- 1,499,602
<b>Earnings per share for profit attributable to equity holders of the Company during the period:</b>			
Weighted average number of outstanding shares	4	2,597,402	2,591,557
Basic earnings/ (loss) per share (in CHF)	4	1.226	- 3.614
Diluted earnings/ (loss) per share (in CHF)	4	1.226	- 3.614

## Condensed consolidated statement of cash flows for the period ended June 30, 2009 (unaudited)

(Currency-CHF)

	Note	30.06.2009	30.06.2008
<b>Cash Flows from Operating Activities</b>			
Profit/ (loss) before tax		3,178,469	- 10,865,874
<b>Adjustments for:</b>			
Interest income		- 15,756	- 474,173
Dividend income		- 11	- 11,251,738
Bank charges and interest expenses		11,997	2,857
Fair value adjustment on investment portfolio	5	- 4,984,286	15,011,451
<b>Operating income before working capital changes</b>		<b>- 1,809,587</b>	<b>- 7,577,477</b>
<b>Movement in working capital:</b>			
Net investment portfolio movement	5	- 11,091,687	16,659,239
Change in accounts receivable		- 431,182	766,320
Change in accounts payable and accrued expenses		- 1,210,615	5,316,500
Dividend received		11	11,251,738
Interest received		15,756	387,002
Bank charges and interest expenses		- 11,997	- 2,857
<b>Net cash flows (used in)/ from operating activities</b>		<b>- 14,539,301</b>	<b>26,800,465</b>
<b>Cash Flows from Financing Activities</b>			
Increase of share capital (net)		-	3,934,499
Purchase of treasury stock		-	- 1,552,229
Sale of treasury stock		-	4,593,149
Dividend paid to minority interests		-	- 11,503,800
<b>Net cash flows from/ (used in) financing activities</b>		<b>-</b>	<b>- 4,528,381</b>
<b>Net change in cash and cash equivalents</b>		<b>- 14,539,301</b>	<b>22,272,084</b>
Cash and cash equivalents at beginning of the period		75,805,646	29,733,280
Cash and cash equivalents at the end of the period	6	61,266,345	52,005,364

The notes on pages 16 to 28 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated statement of changes in equity for the period ended June 30, 2009 (unaudited)

(Currency-CHF)

	Share capital	Share premium	Treasury stock	Retained earnings	Total	Minority interests	Total share-holders' equity
Balance as at December 31, 2007	31,118,544	73,128,401	-4,593,149	11,022,114	110,675,910	13,019,204	123,695,114
Increase of share capital	1,672,041	2,262,458	-	-	3,934,499	-	3,934,499
Purchase of treasury stock	-	-	-1,552,229	-	-1,552,229	-	-1,552,229
Sale of treasury stock	-	-	4,593,149	-	4,593,149	-	4,593,149
Dividend payment to minority interests	-	-	-	-	-	-11,503,800	-11,503,800
Total comprehensive income for the period	-	-	-	-9,366,272	-9,366,272	-1,499,602	-10,865,874
Balance as at June 30, 2008	32,790,585	75,390,859	-1,552,229	1,655,842	108,285,057	15,802	108,300,859
Balance as at December 31, 2008	32,790,585	75,447,951	-1,552,228	-10,216,170	96,470,138	-47,555	96,422,583
Increase of share capital	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-
Sale of treasury stock	-	-	-	-	-	-	-
Dividend payment to minority interests	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,183,266	3,183,266	-4,797	3,178,469
Balance as at June 30, 2009	32,790,585	75,447,951	-1,552,228	-7,032,904	99,653,404	-52,352	99,601,052

The notes on pages 16 to 28 are an integral part of these condensed consolidated financial statements.

## Condensed notes to the consolidated financial statements as of 30 June, 2009

### *1. Incorporation and activity*

ENR Russia Invest SA, Geneva (hereinafter, the "Company") is an investment company founded on May 18, 2007 for an unlimited duration. On May 25, 2007 it was registered with the Commercial Register of the Canton of Geneva under the reference number CH-660-1263007-3 and is incorporated under the company name ENR Russia Invest SA as a limited company under the laws of Switzerland. The Company's registered office is 2-4, Place du Molard, Geneva, Switzerland. The Company has no employees.

The Company is trading under Swiss security number 3447695 with ISIN number of the shares CH0034476959 and ticker symbol of the shares RUS.

### *2. Basis for the presentation of the consolidated financial statements*

These financial statements are the unaudited condensed interim consolidated financial statements for the half year period ended June 30, 2009 of the Group, which include the accounts of ENR Russia Invest SA and its subsidiaries as at June 30, 2009, and which are prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2008, which have been prepared in accordance with IFRS.

### *3. Significant accounting policies*

#### *3.1 Accounting policies*

Except as described below, the accounting policies are consistent with those of the annual financial statements for the year ended December 31, 2008, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the representation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to present one statement: the statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.
- IFRS 8, "Operating segments". IFRS 8 replaces IAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The Group only has one geographical sector and one sector of business activity and there is therefore no particular disclosure under IFRS 8 required at this time.
- IFRS 7 (amendment), "Financial instruments: Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. The new IFRS 7 disclosure requirements will be included in the 2009 year-end financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group.

- IAS 23 (amendment), "Borrowing costs";
- IFRS 2 (amendment), "Share-based payment";
- IAS 32 (amendment), "Financial instruments: Presentation";
- IFRIC 13, "Customer loyalty programmes";
- IFRIC 15, "Agreements for the construction of real estate";
- IFRIC 16, "Hedges of a net investment in a foreign operation";
- IAS 39 (amendment), "Financial instruments: Recognition and measurement".

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRS 3 (revised), "Business combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements";
- IAS 28, "Investments in associates";

- IAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Board of Directors is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint venture;
- IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions; and
- IFRIC 18, "Transfer of assets to customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group.

### 3.2 Fully consolidated companies

The consolidated financial statements comprise ENR Russia Invest SA and the following wholly-owned subsidiaries:

Name of subsidiary	Incorporated in	Currency	30.06.2009	% Voting	Currency	31.12.2008	% Voting
ENR Investment Limited	Limassol, Cyprus	EUR	6,576,660	100.00%	EUR	6,576,660	100.00%
Panariello Enterprises Limited	Nicosia, Cyprus	EUR	7,435	77.00%	EUR	7,435	77.00%
ENR Private Equity Limited	Grand Cayman, Cayman Islands	USD	500	100.00%	USD	500	100.00%

In the consolidated Company accounts the participation in Panariello is consolidated. The Company has an effective economic interest of 70.12 % in Panariello. Therefore, under the Shareholders' equity section of the consolidated balance sheet, a Minority interest is shown, which comprises the third party shareholders' 23 % equity interest in Panariello, as well as the 6.88 % economic interest held by Valartis International Ltd.

The financial statements of the Company and the subsidiaries are drawn up to June 30, 2009

### 4. Earnings per share attributable to equity holders of the company

Basic earnings per share is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period.

	30.06.2009		30.06.2008	
Earnings per share basic and diluted				
Net profit attributable to equity holders	CHF	3,183,266	CHF	-9,366,272
Weighted average number of ordinary shares outstanding		2,597,402		2,591,557
Basic and diluted earnings per share	CHF	1.226	CHF	-3.614

## 5. Investment portfolio

in CHF

	30.06.2009	31.12.2008
Fair value of portfolio at beginning of the period	46,330,653	95,296,590
Investment portfolio movement for the period		
Purchase of investments	11,153,245	76,113,891
Sale of investments	- 220,122	- 95,266,077
Net realised gain/ (loss) on disposal of investments	158,564	- 1,171,698
Net investment portfolio movement for the period	11,091,687	- 20,323,884
Changes in fair value, increase / (decrease)	4,984,286	- 28,642,053
Fair value of portfolio at the end of the period	62,406,626	46,330,653

The investment portfolio is represented as follows on the balance sheet:

Held for trading:		
Listed investments held for trading	24,127,274	9,475,839
Total held for trading	24,127,274	9,475,839
Designated as fair value through profit or loss:		
Unlisted investments	38,271,042	37,454,631
Total designated as fair value through profit or loss	38,271,042	37,454,631
Total financial assets at fair value through profit or loss	62,398,316	46,930,470
Derivatives:		
Exchange rate forward agreements	8,310	- 599,817
Total derivatives	8,310	- 599,817
Net changes in fair value on investments at fair value through profit or loss		
Net realised gains/ (losses)	158,564	- 1,606,490
Changes in fair value, increase/ (decrease)	4,376,159	- 28,642,053
Total	4,534,723	- 30,248,543
Net changes in fair value recognised on derivatives		
Net realised (losses)/ gains	- 384,585	830,792
Changes in fair value, increase/ (decrease)	608,127	- 599,817
Total	223,542	230,975

## 5.1 Details of investments at fair value through profit or loss

Securities	Balance as of 01.01.2009	
	Quantity	CHF
MOSCOW UNITED ELECTRICITY DISTRIBUTION	12,313,327	458,699
RAO EASTERN ENERGY SYSTEM JSC	18,400,000	37,210
RAO EASTERN ENERGY SYSTEM JSC PREF. SHARES	6,400,000	11,580
FEDERAL GRID COMPANY OF UES OJSC	10,173,273	43,312
IDGC HOLDING (MRSK HOLDING)	20,900,000	667,347
IDGC HOLDING (MRSK HOLDING) PREF. SHARES	6,400,000	81,742
INTER RAO UES JSC	215,675,995	45,911
KUZBASSENERGO JSC	16,961,051	36,105
MOSCOW POWER JSC (MOSENERGO)	50	2
FEDERAL HYDROGENERATION COMPANY JSC	30,777,731	658,441
TERRITORIAL GENERATION COMPANY NO 1 OJSC	927,579,908	98,727
TERRITORIAL GENERATION COMPANY NO 2 OJSC	314,979,184	33,525
TERRITORIAL GENERATION COMPANY NO 4 OJSC	23,263,819	2,476
TERRITORIAL GENERATION COMPANY NO 6 OJSC	71,823,486	7,645
VOLZHSKAYA TERRITORIAL GENERATION COMPANY OJSC	146,011	1,088
SOUTH GENERATION COMPANY NO 8 OJSC	3,283,341	4,193
TERRITORIAL GENERATION COMPANY NO 9 OJSC	133,615,552	4,266
TERRITORIAL GENERATION COMPANY NO 10 OJSC	56,733	57,365
TERRITORIAL GENERATION COMPANY NO 11 HOLDING OJSC	18,400,000	3,916
TERRITORIAL GENERATION COMPANY NO 11 HOLDING OJSC PREF. SHARES	6,400,000	-
ENISEYSKA TERRITORY GENERATION COMPANY	49	-
TERRITORIAL GENERATION COMPANY NO 14 OJSC	235,663,365	25,083
FIRST GENERATION COMPANY OF WHOLESALE ELECTRICITY MARKET OJSC	23,339,695	260,837
SECOND GENERATION COMPANY OF WHOLESALE ELECTRICITY MARKET OJSC	8	-
EASTERN PROPERTY HOLDINGS LTD.	343,000	6,936,369
VALARTIS RUSSIA & CIS FIXED INCOME FUND	-	-
GAZPROM / GAZ CAPITAL 9.25%, 09/19 BOND	-	-
<b>Sub-total listed investments at fair value through profit or loss - trading</b>		<b>9,475,839</b>
NAFTRANS LTD, LIMASSOL, CYPRUS	9,213,540	11,055,771
NAFTRANS LTD, LIMASSOL, CYPRUS REDEEMABLE	22,000,000	26,398,860
<b>Sub-total unlisted investments at fair value through profit or loss</b>		<b>37,454,631</b>
FORWARD FOREIGN EXCHANGE CONTRACTS		- 599,817
<b>Sub-total derivative financial instruments</b>		<b>- 599,817</b>
<b>Total investments</b>		<b>46,330,653</b>

Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 30.06.2009	
Purchases and Additions	Sales and Withdrawals	Gains	Losses	Gains	Losses	Quantity	CHF
-	-	-	-	-	- 197,567	12,313,327	261,132
-	-	-	-	72,850	-	18,400,000	110,060
-	-	-	-	16,261	-	6,400,000	27,841
-	-	-	-	45,753	-	10,173,273	89,065
-	-	-	-	480,508	-	20,900,000	1,147,855
-	-	-	-	85,306	-	6,400,000	167,048
-	-	-	-	125,317	-	215,675,995	171,228
-	-	-	-	32,145	-	16,961,051	68,250
-	-	-	-	-	-	50	2
66,747	-	-	-	626,564	-	32,708,775	1,351,752
-	-	-	-	153,470	-	927,579,908	252,197
-	-	-	-	41,837	-	314,979,184	75,362
-	-	-	-	4,608	-	23,263,819	7,084
-	-	-	-	11,102	-	71,823,486	18,747
-	-	-	-	2,406	-	146,011	3,494
-	- 4,583	390	-	-	-	-	-
-	-	-	-	10,265	-	133,615,552	14,531
-	- 215,539	158,174	-	-	-	-	-
-	-	-	-	2,087	-	18,400,000	6,003
-	-	-	-	-	-	6,400,000	-
-	-	-	-	-	-	49	-
-	-	-	-	547	-	235,663,365	25,630
-	-	-	-	170,676	-	23,339,695	431,513
-	-	-	-	-	-	8	-
4,647,769	-	-	-	2,087,997	-	493,000	13,672,135
2,917,247	-	-	-	-	- 32,521	250,000	2,884,726
3,521,482	-	-	-	-	- 179,863	3,000,000	3,341,619
11,153,245	- 220,122	158,564	-	3,969,699	- 409,951	-	24,127,274
-	-	-	-	240,986	-	9,213,540	11,296,757
-	-	-	-	575,425	-	22,000,000	26,974,285
-	-	-	-	816,411	-	-	38,271,042
64,767,200	- 64,382,615	2,162,285	- 2,546,870	608,127	-	-	8,310
64,767,200	- 64,382,615	2,162,285	- 2,546,870	608,127	-	-	8,310
75,920,445	- 64,602,737	2,320,849	- 2,546,870	5,394,237	- 409,951	-	62,406,626

## 5.2 Naftrans Limited

ENR made its initial USD 8 million investment in Naftrans during 2003 and made a further investment of USD 22 million during 2006.

Naftrans's main activity in the past was the operation of the Batumi oil terminal in Adjara, Georgia as well as the provision of oil and oil related product rail forwarding from the Azerbaijan – Georgia border, transshipment and storage at the Batumi port.

In March 2008 Naftrans sold all its subsidiaries holding its Georgian operating assets to the KazMunaiGas group, the Kazakhstan national oil company. As part of the transaction, KazMunaiGas received certain warranties, which expired in February 2009. No claims were lodged by KazMunaiGas during the reporting period. For further information on the only claim of USD 6.9 million lodged by a KazMunaiGas entity in December 2008, please refer to ENR's 2008 Annual Report.

During 2008, ENR received a special dividend of USD 10.0 million as well as an interest free shareholders' loan of USD 21.3 million. This shareholders' loan is not repayable as claims worth less than USD 100 million were launched against Naftrans by KazMunaiGas. Although the loan is not repayable, ENR has retained it on its books until Naftrans has completed a capital reduction against which this loan will then be written down.

To secure a possible alternative exit route, ENR, prior to year-end 2008, concluded an agreement with Greenoak, the holding company of Naftrans's management. Pursuant to this agreement, ENR has the right to put all its shares in Naftrans to Greenoak. Should ENR do so, Greenoak has to acquire ENR's shares in Naftrans for USD 13.9 million (and to assume any liability ENR may have to repay its USD 21.3 million shareholders' loan, which, as mentioned above, is not repayable). Depending on the progress made with and the results of the Naftrans disposal programme, ENR will make a decision on whether to pursue with this exit alternative.

The investment in Naftrans is carried at the same USD value as at year-end 2008. During the reporting period, the only change to the valuation was due to movements in the CHF/USD rate during this period, as ENR's reporting currency is Swiss Francs and the investment in Naftrans is based in USD.

### 5.3 Russian electricity

ENR holds a portfolio of Russian electricity companies covering a wide range of market and geographical segments in the Russian electricity sector. These were received in the unbundling of UES in 2008.

Since the unbundling, shares in certain companies have been sold, either on the market or as part of buy-out processes. During the reporting period ENR exited from two companies and increased its position in RusHydro via the participation in a rights offering.

Fair value of the shares on the reporting date was based on the last available bid prices of the listed shares.

### 5.4 Eastern Property Holdings Limited

EPH is a Russia focussed real estate development company listed on the SIX Swiss Exchange. ENR bought an initial stake in EPH during 2008 when shares of EPH traded at an increasingly wide discount to their NAV. In the first six months of 2009 the shares of EPH kept trading at a significant discount to their NAV.

During the reporting period ENR increased its stake in EPH by CHF 4.6 million. Fair value at June 30, 2009 was based on the closing bid price of the shares at this date.

EPH is a related party (see Note 9.1 to these condensed consolidated financial statements) to ENR in that Valartis Group entities are acting as investment manager of both companies.

### 5.5 Other investments

During the reporting period ENR made two investments in fixed income securities and products.

A USD 3 million participation was bought in a Gazprom, the largest Russian gas company, primary bond issue. The bonds are USD denominated and were subscribed for at par and carry a coupon of 9.25%. The maturity date is April 2019 and the bonds are puttable to Gazprom at par in April 2012. Fair value of the bonds at June 30, 2009 was based on the closing bid price, as provided by Bloomberg, on this date.

ENR made a USD 2.5 million investment in the Valartis Russia & CIS Fixed Income Fund. The fund offers daily liquidity and invests in bonds and other fixed income securities across Russia and CIS. Fair value at June 30, 2009 was based on the official NAV published by the fund. The Valartis Russia & CIS Fixed Income Fund is a related party (see Note 9.1 to these condensed consolidated financial statements) to ENR in that Valartis Group entities are acting as investment manager of both entities.

## 6. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Bank overdrafts are shown within borrowings in the liabilities of the balance sheet.

Cash and cash equivalents include the following for the purpose of the cash flow statement:

in CHF

	30.06.2009		31.12.2008	
	Valartis Bank*	Others	Valartis Bank*	Others
Cash at bank and in hand	58,950,343	2,166,525	39,691,472	14,514
Money market instruments	-	11,344	-	28,360
Fiduciary deposits	-	353,455	36,071,300	-
<b>Subtotal</b>	<b>58,950,343</b>	<b>2,531,324</b>	<b>75,762,772</b>	<b>42,874</b>
Bank overdraft	-215,322	-	-	-
<b>Cash and cash equivalents</b>	<b>58,735,021</b>	<b>2,531,324</b>	<b>75,762,772</b>	<b>42,874</b>
<b>Total cash and cash equivalents</b>		<b>61,266,345</b>		<b>75,805,646</b>

\*Valartis Bank is a group-related party

## 7. Liabilities

### 7.1 Accounts payable and accrued expenses

in CHF

	30.06.2009	31.12.2008
Management fees	387,913	522,930
Naftrans Limited (see Note 5.2)	23,208,286	22,682,789
Other creditors	788,954	2,390,049
<b>Balance at the end of the period</b>	<b>24,385,153</b>	<b>25,595,768</b>

### 7.2 Taxes

The Company pays Swiss taxes on capital of 0.07 %. Net income from Cyprus subsidiaries is taxed at 4.25 %. Net income from the Cayman Islands subsidiary is not taxed. No deferred taxes are calculated on unrealised gains on securities as these are tax exempt in the corresponding legislation.

The movement on tax liabilities is as follows:

in CHF			
	30.06.2009	31.12.2008	30.06.2008
Balance at beginning of period	530,195	500,000	500,000
Payment during the period	- 17,097	-	-
Charge for the period	17,097	30,195	-
<b>Balance at the end of the period</b>	<b>530,195</b>	<b>530,195</b>	<b>500,000</b>
<b>Profit before tax</b>	<b>3,178,469</b>	<b>- 22,801,243</b>	<b>- 10,865,874</b>
Tax calculated at domestic tax rates applicable to profits in the respective countries	79,570	-	1,143,284
Deduction for income not subject to tax	- 79,570	-	- 1,143,284
<b>Income tax charges</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 8. Share capital

On June 30, 2009, ENR's issued ordinary share capital was CHF 32.8 million (31.12.2008: CHF 32.8 million), divided into 2,644,402 (31.12.2008: 2,644,402) bearer shares of par value CHF 12.40 (31.12.2008: CHF 12.40) each and one voting right per share. There are no restrictions on share transfers.

The Company has not issued any participation certificates or profit sharing certificates.

Article 11 of the Company's Articles of Association contains an "Opting Out" clause regarding matters dealt with in article 32 of SESTA and waives the requirement to make a public tender offer whenever a shareholder acquires shares exceeding the threshold of 33 1/3 %, conversely 49 %, of the voting rights.

	30.06.2009		31.12.2008	
	Number of shares	CHF	Number of shares	CHF
<b>Issued Capital</b>				
At beginning of the period	2,644,402	32,790,585	2,509,560	31,118,544
Capital increase	-	-	134,842	1,672,041
<b>Closing balance</b>	<b>2,644,402</b>	<b>32,790,585</b>	<b>2,644,402</b>	<b>32,790,585</b>
<b>Treasury Stock</b>				
Opening balance	47,000		145,545	
Purchases	-		47,000	
Sales	-		- 145,545	
<b>Closing balance</b>	<b>47,000</b>		<b>47,000</b>	
<b>Conditional and Authorised Capital</b>				
Conditional capital	805,307	9,985,807	805,307	9,985,807
Authorised increase of capital	670,465	8,313,766	670,465	8,313,766

All issued shares are fully paid in.

Article 8 of the Company's Articles of Association provides for a conditional capital pursuant to which the Company's share capital may be increased through the exercise of options or conversion rights up to a maximum amount of CHF 9,985,806.80 through the issue of a maximum of 805,307 bearer shares with par value of CHF 12.40 each.

Article 8bis of the Company's Articles of Association authorises the Board of Directors to increase the Company's share capital, in one or several blocks, by a maximal nominal amount of CHF 8,313,766.00 through the issue of maximum 670,465 fully paid bearer shares with a par value of CHF 12.40 each.

Existing shareholders have no preferential subscription right with regard to the conditional capital.

## *9. Related parties, significant shareholders*

### *9.1 Valartis International Ltd.*

Valartis International Ltd. (a fully owned subsidiary of Valartis Group AG, Baar, Switzerland) (the "Investment Manager") is the investment manager of the Company. The Company pays to the Investment Manager a management fee payable quarterly in arrears in Swiss Francs, of 2% (plus VAT, if applicable) per annum of the Company's average attributable net asset value, as adjusted by adding back the amount of any outstanding debt issued by the Company or by any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of the Company

Considering that other Valartis Group AG subsidiaries act as the investment manager of EPH and the Valartis Russia & CIS Fixed Income Fund, the Board does not consider it appropriate that ENR's Investment Manager earns management fees on investments in these vehicles. Accordingly, ENR has instructed its administrator to adjust the basis of the calculation of the management fees to ensure that ENR's investments in these two investment vehicles are not taken into account for management fee calculation purposes.

Out-of-pocket expenses incurred by the Investment Manager in carrying out the investigative and "due diligence" analysis required in pursuing likely investment opportunities and in monitoring existing investments are borne by the Company.

In addition, the Investment Manager is entitled to receive a performance fee equal to 17.5% (plus VAT, if applicable) of the total net profits (sale proceeds less acquisition costs and transaction costs) realised by the Company on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by the Company, provided the annual hurdle rate of 8% has been reached.

in CHF		
Management fees	30.06.2009	30.06.2008
Management fees for the period	813,150	1,064,098
<b>Balance payable at the end of the period</b>	<b>387,913</b>	<b>547,451</b>
Performance fees		
Provision for performance fees for the period	-	-
Final performance due on profit realised on sale of investments in 2008	-	2,556,216
Less: Provision for performance fees as at December 31, 2007	-	-2,556,216
Difference through profit and loss account (release of provision)	-	-

## 9.2 Directors' fees

The remuneration paid to the directors of ENR Russia Invest SA amounted to:

in CHF		
	30.06.2009	30.06.2008
G. Stenbolt	-	-
C. Löw (resigned with effect December 31, 2008)	-	-
W. Fetscherin	25,000	35,224
<b>Total</b>	<b>25,000</b>	<b>35,224</b>

## 9.3 Significant shareholders as of June 30, 2009

Valartis Bank AG, Zurich, MCG Holding SA, Baar, MCT Global Opportunities Fund, Grand Cayman, ENR Russia Invest SA, Geneva and Valartis International Ltd., Road Town, jointly own 52.13% (1,378,488 shares) of the share capital of the Company.

Hansa AG, Baar, Paramount-Finanz AG, Baar and Georg von Opel, Wollerau, own 33.76 % (892,703 shares) of the share capital of the Company.

## 9.4 Other

Valartis International Ltd. holds a 6.88 % economic interest in Panariello Enterprises Ltd. governed by a sub-participation agreement between ENR Investment Ltd. and Valartis International Ltd., dated March 7, 2003.

Gustav Stenbolt, who is a delegate of the Board of MCG Holding SA, the major shareholder of Valartis Group AG, is a member of the investment committee and Chairman of the Board of ENR Russia Invest SA. Entities related to Gustav Stenbolt hold 1,378,488 shares in ENR.

### *10. Segment reporting*

Since the Company has only one sector of business activity and one geographical sector, the breakdown by segment does not apply.

### *11. Risk management*

An extensive overview of the risk factors that the Group is faced with was set out in the ENR's annual financial report for the year ended 31 December 2008. The Board, in cooperation with the Investment Manager, assesses the potential impact of the identified risk factors on the financial performance of the Group and implements risk management policies accordingly. Certain risk factors, e.g. portfolio concentration and hedging policies regarding currency exposure, are dealt with in the investment guidelines, which provide the general framework under which the Group's operations are carried out.

On a day-to-day basis the Investment Manager has the operative responsibility for the Group, including the risk management functions. This role, however, is performed under the overview of the Board.

The Board, supported by the Investment Manager, performs a review of the potential risk factors, including those that arise from the accounting and financial reporting, and assesses their potential impact on the Group's operations no less frequently than annually. Throughout the internal control system framework on financial reporting relevant control measures are defined, which reduce the financial risk. Should the risk environment change substantially, measures are taken on the level of the Board to alleviate such risks, including updating relevant risk management policies.

## *Price information*

in CHF

Date	Attributable Net Assets (millions)	Attributable NAV per share	Share price
31.12.2007	115.3	45.94	31.75
31.03.2008	108.7	41.11	31.00
30.06.2008	110.0	41.61	37.50
30.09.2008	107.0	40.47	34.00
31.12.2008	97.7	36.93	26.00
31.03.2009	97.8	36.97	24.00
30.06.2009	100.9	38.17	27.50

## Shareholder Information and Corporate Details

### Board of Directors

Gustav Stenbolt  
Walter Fetscherin

### Domicile

ENR Russia Invest SA  
2-4 Place du Molard  
1204 Geneva  
Switzerland

### Auditors

PricewaterhouseCoopers SA  
Avenue Giuseppe-Motta 50  
1211 Geneva  
Switzerland

### Investment Manager

Valartis International Limited  
Vanterpool Plaza, 2nd Floor  
Wickhams Cay 1  
Road Town, Tortola  
British Virgin Islands

### Security Number

3447695

### ISIN Number

CH0034476959

### Ticker Symbol

RUS

### Company Website

[www.enr.ch](http://www.enr.ch)



## Imprint

ENR Russia Invest SA, Geneva, Switzerland

### Concept and Design

visuel communication, Geneva, Switzerland

### Realisation

Multimedia Solutions AG, Zurich, Switzerland

### Printing

Neidhart + Schön AG, Zurich, Switzerland

[www.enr.ch](http://www.enr.ch)

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**ENR Russia Invest SA**

Investor Relations

2-4 place du Molard | P.O. Box 3458

1211 Geneva 3

Tel: +41 22 716 1000 | Fax: +41 22 716 1001